

A THIRD ACQUISITION BY FRUTAROM IN 2013 IN FAST GROWING MARKETS

FRUTAROM EXPANDS ITS PRESENCE IN THE FAST GROWING MARKETS
OF CENTRAL AMERICA:
ACQUIRES THE GROWING GUATEMALAN-BASED FLAVOR COMPANY
AROMA SA

AROMA'S EBITDA MARGINS OF 36%- AMONG THE INDUSTRY'S HIGHEST

THIS ACQUISITION WILL PROVIDE FRUTAROM WITH THE ADVANTAGES
OF A GLOBAL MANUFACTURER WITH LOCAL DEVELOPMENT AND
PRODUCTION CAPABILITIES AND ALLOW COST SAVINGS WHILE
REDUCING LEAD TIMES AND IMPROVING CUSTOMER SERVICE

Frutarom Industries Ltd. ("**Frutarom**"), one of the world's ten biggest companies in the flavors and fine ingredients industry, continues to implement its rapid growth strategy with a special emphasis on developing markets, today announced that it acquired the Guatemalan flavor company Aroma SA (held by International Aroma Corp, a Panama company) ("**Aroma**") for a net consideration of US\$ 12.5 million. The agreement includes a mechanism of future consideration whereby additional consideration will be paid in the amount of any excess EBITDA above US\$2.25 million in the years 2013 to 2015. As part of the transaction, Frutarom is acquiring Aroma's efficient plant in Guatemala.

Aroma, which was established in 1990, is engaged in the development, manufacture and marketing of flavors, mainly for beverages, dairy products, confectionary, snacks and convenience food. The company has a staff of 57 employees and a production, development and marketing site in Guatemala City. Aroma's wide customer base includes leading global food and beverage manufacturers as well as local food and beverage manufacturers in Guatemala, Honduras, Costa Rica, El Salvador and additional growing markets, primarily in Central America.

In the past few years Aroma has been growing rapidly and its sales increased 75% from 2009 to 2012 with a considerable improvement in the profit and profitability, which amounted to \$2.3 million (an EBITDA of 36%). The company is operating successfully to expand its businesses in the growth markets of Central America.

Aroma's owner and CEO has an extensive experience in this industry and will continue to manage Aroma's business together with Frutarom's management, in the next few years.

One of Frutarom's objectives is to expand its activities in Central and South America, both through internal growth and through acquisitions. The acquisition of Guatemalan-based Aroma follows the acquisition of Brazilian flavor company Mylner at the start of 2012 and the independent operation established by Frutarom in Costa Rica, which includes a R&D lab and a sales and marketing unit. Frutarom's activity in Costa Rica will be merged with Aroma that will constitute a development and production center for the region's countries. This acquisition will enable Frutarom to strengthen its presence and increase its market share in the significant and growing markets of Central and South America, while significantly expanding its product range and enhancing its R&D, sales and marketing capabilities, with ownership of a local production facility that will help reduce production costs and improve services to customers in the region.



Ori Yehudai, President and CEO of Frutarom: “This transaction follows the acquisition of 75% of Russian-based PTI which that we announced last week, the acquisition of South African JannDeRee at May this year and the acquisition of Brazilian Mylner and Slovenian Etol in 2012. The weight of revenues from developing markets has grown substantially from 27% in 2010 to 36% in 2012 and is expected to grow further in the wake of the 3 acquisitions in 2013. We consider the acquisition of Aroma as another strategic step to increase Frutarom’s market share in high growth markets in general and particularly in Central America, which Frutarom has identified as attractive markets that will contribute to future development. Frutarom plans to continue expanding in these markets through continued strengthening of its R&D, sales and marketing activities and its supply chain and by making additional strategic acquisitions, while reinforcing its position as a leading global player.”

Yehudai added that: “Aroma is one of the leading local companies in Central America and in the last few years has become a key supplier to leading global food and beverage companies in these markets. The company anticipates continued growth in sales to these customers, together with the development of new markets. Frutarom intends to take advantage and integrate Aroma’s production, R&D, sales and marketing infrastructure with Frutarom’s global R&D, sales and marketing infrastructures in order to leverage and exploit the cross-selling opportunities generated by this acquisition. Frutarom will act to leverage Aroma’s production capabilities for its local business operations. This acquisition will provide Frutarom with the advantages of a global player with local capabilities and allow cost savings through the transfer of production to the efficient Guatemalan plant, while reducing supply lead times and improving customer service.

Yehudai further added that: “We are convinced that this acquisition will further enhance the rapid growth and profitability of Frutarom and will generate high value for our customers, employees and investors.”

Yehudai stated that: “We continue to implement our rapid growth and profit-generating strategy. The acquisition of Aroma is Frutarom’s third acquisition in 2013, and we aim to identify and perform additional strategic acquisitions of companies and businesses in this industry, with a special emphasis on high-growth markets.”

About Frutarom

Frutarom is a global company operating in the global flavor and fine ingredients markets. Frutarom has significant production and development centers in three continents and it markets its products in five continents to over 15,800 customers in more than 145 countries. Frutarom’s products are intended mainly for the food, beverage, flavor, fragrance, pharmaceutical, nutraceutical, health food, functional food, food additives and cosmetic industries.

Frutarom, which employs approximately 2,600 people worldwide, has 2 main activities:

- The Flavors Segment, which develops, produces and markets flavor compounds and food systems.
- The Fine Ingredients Segment, which develops, produces and markets natural flavor extracts, natural functional food ingredients, natural pharma/nutraceutical extracts, specialty essential oils, citrus products and aroma chemicals.

Frutarom’s products are produced in its plants in the US, UK, Switzerland, Germany, Israel, China, South Africa and Turkey. The Company’s global marketing organization includes branches in Israel, the US, UK, Switzerland, Germany, Belgium, the Netherlands, Denmark, Norway, France, Hungary, Romania, Russia, Ukraine, Kazakhstan, Belarus, Turkey, Brazil, Mexico, Costa Rica, China, Japan, Hong Kong, India, Indonesia and South Africa. The Company also works through local agents and distributors worldwide.

For further information, visit our website: www.frutarom.com.

